

2005 AMENDMENT
TO THE
REDEVELOPMENT PLAN
FOR THE
1993 VICTOR VALLEY REDEVELOPMENT PROJECT
(AMENDMENT NO. 7)

Prepared:

May 25, 2005

Adopted:

June 8, 2005

Ordinance No.: 11

Prepared for:

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INTRODUCTION

The Legislative Body of the Victor Valley Economic Development Authority (“VVEDA”) approved and adopted the Redevelopment Plan for the 1993 Victor Valley Redevelopment Project (“Redevelopment Plan” or “Plan”) on December 28, 1993, by Ordinance No. 2. The Redevelopment Plan was amended on December 28, 1994, by Ordinance No. 4 to establish the time limit that enables VVEDA to collect tax increment revenues for up to forty years following the Redevelopment Plan’s adoption date. The Plan was amended again on June 11, 1997, by Ordinance No. 5 to utilize the 1994-95 fiscal year as the base year for the purpose of establishing the assessed valuations for properties within the 1993 Victor Valley Redevelopment Project (“Project Area”) until such time as the San Bernardino County Assessor certifies that the assessed values for the Project Area equal or exceed the assessed value in the initial base year.

The 1998 Amendment to the Redevelopment Plan amended the Plan on April 22, 1998, by Ordinance No. 7 and allowed for the power of eminent domain in certain primarily nonresidential areas in the Project Area, which were located within the jurisdiction of the Town of Apple Valley and the County unincorporated territory. The Fourth Amendment to the Redevelopment Plan adopted on July 12, 2000, added Territory to the Project Area within the jurisdictions of the Cities of Adelanto and Victorville, as well as County unincorporated territory. The 2003 Amendment to the Redevelopment Plan (Amendment No. 5) adopted on December 23, 2003, by Ordinance No. 9, expanded the authority for VVEDA to acquire property through the power of eminent domain within certain portions of the Project Area in the cities of Victorville and Adelanto and a portion of the unincorporated San Bernardino territory.

The most recent amendment, the 2004 Amendment to the Redevelopment Plan (Amendment No. 6) adopted on June 23, 2004, by Ordinance No. 10, allowed for the deferral of VVEDA’s deposit of housing set aside funds pursuant to Section 33492.40(e)(2) of the California Redevelopment Law for a specific period not to exceed five (5) years in order to use such funds to facilitate the expeditious funding of much needed infrastructure projects and other general redevelopment activities.

The Project Area currently encompasses approximately 60,000 acres and includes both developed and undeveloped land within the boundaries of the eight-mile radius of former George Air Force Base (“GAFB”) (now known as Southern California Logistics Airport) as permitted by special redevelopment legislation regarding military base closures. The Project Area includes territory within the cities of Victorville, Adelanto and Hesperia, the Town of Apple Valley, and unincorporated territory within the County of San Bernardino.

This 2005 Amendment to the Redevelopment Plan for the 1993 Victor Valley Redevelopment Project - Amendment No. 7 (“2005 Amendment”) makes certain changes of an administrative nature to the text of the Plan. These administrative changes relate to the deferral of VVEDA’s deposit of housing set-aside funds pursuant to section 33492.40(e)(2) of the California Community Redevelopment Law (Health and Safety Code Sections 33000 et seq. “Redevelopment Law”) in order to use such funds to facilitate the expeditious funding of much needed infrastructure projects and other general redevelopment activities. Specifically, the 2005

Amendment addresses the manner in which the 2004 Amendment may be most effectively implemented. The changes made by this 2005 Amendment are not to be construed to amend, modify, change, or affect in any way the text of the Redevelopment Plan as it applies to the territory or any land within the boundaries of the 1993 Victor Valley Redevelopment Project. Furthermore, the 2005 Amendment will not affect the distribution of tax revenues to the member entities or affected taxing entities. It deals solely with the use of funds attributable to the Redevelopment Project Area and provides flexibility to allow for the expeditious funding of much needed infrastructure.

AMENDMENT NO. 1

That Section (539) "Deferral of Housing Funds" be revised to read as follows:

"7. (539) Deferral of Housing Funds

"Pursuant to Section 33492.40(e)(2) of the Redevelopment Law, VVEDA has determined that it is necessary to defer the deposit of the twenty percent (20%) of taxes allocated to VVEDA pursuant to Section 33670 of the Redevelopment Law into the Low- and Moderate-Income Housing Funds as required by Section 33334.2. VVEDA has found that:

- (A) The Air Base cannot be developed solely by private enterprise without the assistance of VVEDA;
- (B) There are no feasible alternative means of financing the development of the Air Base other than by utilizing the low- and moderate-income housing portion of the taxes which are allocated to VVEDA pursuant to subdivision (b) of Section 33670;
- (C) Failure of VVEDA to finance the development of the Air Base would lead to serious economic hardship and job loss; and
- (D) Each Member of VVEDA may elect to defer the deposit of low- and moderate-income housing funds attributable to each Member for a period not to exceed five (5) fiscal years beginning with the fiscal year in which the first deferment is made in order to use such funds to facilitate the expeditious funding of much needed infrastructure projects and other general redevelopment activities. The deferment shall be subordinate to any obligation of a Member payable from low- and moderate-income housing funds incurred prior to June 8, 2005, or incurred on or after June 8, 2005. The repayment of any such low and moderate income housing moneys so deferred shall be made by July 12, 2045, commencing in the fiscal year immediately following the fiscal year in which the last deferment is made. Repayment will be made in semi-annual installments having substantially level annual debt service with interest accruing from the first fiscal year of the repayment period and continuing until repayment in full. The interest rate shall

be equal to the average rate of return on investments of the applicable Member during the deferment period. Each Member of VVEDA shall be responsible for repayment of deferred amounts from non-housing tax increment revenue attributable to its portion of the Project Area. Such repayment obligation shall be subordinate to any obligation of a Member payable from non-housing tax increment revenue existing as of June 8, 2005 or incurred on or after June 8, 2005.